

MEMORANDUM

OBE per NSC/s  
NATIONAL SECURITY COUNCILSECRETACTION

DOS, NSC reviews completed

October 11, 1975

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: Mr. Clift *[Signature]*

SUBJECT: The Italian Political Situation - WSAG Meeting  
Monday, October 13, 1975 - 10:15 a.m.

The intelligence community's current assessment of the Italian political situation is at the immediate tab.

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The main elements of the situation are as follows:

-- The mid-June regional and local election results presented the ruling Christian Democrats (DC) with their most serious challenge in nearly 30 years as Italy's dominate party -- with less than two percentage parts now separating the DC and the Communists.

-- The vote had little to do with Italy's foreign policy. It reflected increasing frustration over inefficient government, inadequate services and a host of other complaints for which the Christian Democrats were held responsible.

-- Political leaders are still digesting the results, but their initial reactions indicate that the Christian Democrats have limited options. In the period before the next national elections, scheduled for 1977, they can:

1. Try to make a deal with the Socialists, whose moderate gains put them in pivotal position. The Socialists want major programmatic concessions, some of the more important ministries, and an arrangement that would allow the Communists to participate formally in shaping the government's program without actually holding cabinet posts. If the Socialists can be persuaded to drop their insistence on a Communist role, such an agreement could give the center-left a new lease on life -- although it would probably strain Christian Democratic unity.

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XGDS of E.O. 11652 by authority  
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2. Resist Socialist demands and try for a center-left on the traditional model, i.e., a coalition of Christian Democrats, Socialists, Social Democrats, and Republicans, in which the Christian Democrats have most of the power. This would mean a protracted political crisis.

3. Form an all-Christian Democratic "monocolore" cabinet.

4. Set up a centrist coalition, substituting the small and conservative Liberal Party for the Socialists.

5. Call early national elections.

-- The next national elections are likely to deprive the Christian Democrats of the centrist option, because the losses suffered by the Liberals in the local contests are almost certain to be duplicated at the national level. The Christian Democrats' real alternatives then will be reduced for the first time to collaboration with the Socialists or a deal with the Communists.

-- In any event, the Socialists will drive a hard bargain. They have concluded that current political dynamics threaten their survival as a separate party. The Socialists believe that they are being hurt at the polls by their association with the Christian Democrats while the Communists are helped by their opposition status. On the other hand, the Socialists are afraid they would be overpowered in any alliance with the Communists at the national level.

-- Whatever the Communist Party's ultimate intentions, while it works for a share in national power it will continue the soft line toward NATO, Europe and the US.

-- How much this soft line would harden should the PCI come into the national government and how responsive the PCI would be to Soviet influence are questions on which there are no clear answers.

-- While Communist membership in the national government may have been brought closer by the PCI's recent success, the Christian Democrats have other options and are likely to take them -- especially in the period before the 1977 elections. In terms of real political influence, however, the PCI is vastly stronger today than before the elections. Communist leader Berlinguer has always stressed the gradual nature of his "historic compromise" strategy and will welcome additional time to consolidate these gains. Continuing his cautious approach, Berlinguer's major aim will be to demonstrate that the party can deliver the efficient administration the PCI promised during the campaign. Any success achieved in that respect will go far toward breaking down the remaining psychological and traditional barriers to PCI membership in the national government.

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-- The near-term outlook is for continuing weak Italian government. The Moro government will probably remain in place at least until the DC and Socialist Congresses take place late this year. However, the results of the regional elections and the subsequent local growth of communist administrative power have not only demoralized the DC but have also pushed the Socialists further in the direction of cooperation with the communists, particularly at the local level -- a tendency which has accelerated in past weeks. If the Socialists decide that opposition offers them the best campaign posture for the national elections scheduled for 1977, it will be very difficult to maintain an effective DC-led coalition government in Italy this fall.

-- In an effort to overcome their reputation for inefficiency and corruption, the Christian Democrats recently chose Benigno Zaccagnini as the new party secretary. He is described as honest, intelligent and hardworking.

-- Many Italian politicians are expressing a pragmatic approach to the question of the communist role in national policy-making. In a recent speech, Prime Minister Moro continued to rule out communist membership in the government, but said that "no one could ignore" the Communist Party's strength and weight in the country. He declared himself ready to exchange views with the communists on economic policy and acknowledged that the communists could play an important role in the economic recovery effort, particularly in achieving solutions to the problems of unemployment and labor unrest now plaguing Italy.

-- For their part, the communists have served notice that they are not about to accept responsibility without power. In the meantime, indications are that the communists will play a "waiting game," consolidate their gains, and postpone action on the national level until their position is even stronger. But they are keeping on the pressure. Following Ambassador Volpe's recent public remarks to the effect that the U.S. opposes the entry of communists into the governments of member states of NATO and the unofficial visit to the U.S. two weeks ago of MSI (neo-fascist) party members, the PCI sharply criticized the U.S. and Christian Democrats.

We need to ask the following key questions:

-- What steps have the Christian Democrats taken to improve their position since the disastrous results of the June elections?

-- What is the current Christian Democratic thinking on possible coalitions? Are they still toying with the idea of having consultations with the Communists -- even though the Communists will not be formally in the government?

-- When can we expect the next governmental "crisis"? Is this keyed to union trouble to be expected this fall or to the outcome of leadership struggles in the DC and Socialist party congresses later this year.?

-- When Rumor visited last month he made a point of emphasizing the Christian Democrats desire for more attention by the United States. What steps might we take to help bolster the standing of the Christian Democrats? Is there anything we can do -- or that some of our West European friends might do -- to help the DC in its efforts to reshape its image?

-- How can we continue most effectively to convey our opposition to an "historic compromise" with the Communists?

-- What can we do economically at the government-to-government level to assist the Christian Democratic Government in its efforts to stay in power? In this connection, where do we stand on their request for multi-billion assistance in a nuclear energy program?